(b) Approximately, Rs. 219 crores.

(c) and (d). Yes. Sir. The details are given in Government Resolution No. 5(12)/E.III/93 dated 19.11.1996 (Copy enclosed).

(e) No. Sir.

(f) Concerted efforts are being made by the Commission to expedite the report and it is expected to be submitted soon.

**STATEMENT**

| S.No. | Category of employees | Eligibility ceiling (pm) 94-95 | Eligibility ceiling (pm) 95-96 | Calculation ceiling (pm) 94-95 | Calculation ceiling (pm) 95-96 |
|---|---|---|---|---|---|
| (i) | PLB for Railway employees ceiling | Rs. 4500 | No ceiling for Gr. C and D | Rs. 2500 | No change |
| (ii) | PLB for P & T and other Deptts. employees who are covered by their respective PLB scheme. | Rs. 3500 | -do- | Rs. 2500 | -do- |
| (iii) | Adhoc bonus for employees not covered not covered by any PLB schemes. | Rs. 3500 | -do- | Rs. 3500 | -do- |

(To be Published in the Gazette of India Extraordinary Part-I, Section-I)

Government of India
Ministry of Finance
Department of Expenditure

RESOLUTION

No. 5(12)/E III/93. The Government have decided that the Terms of Reference of the Fifth Central Pay Commission as contained in this Ministry's Resolution of even number dated 9th April, 1994 and amended vide this Ministry's Resolutions of even number dated 12th January, 1995, 17th July, 1996 and 24th October, 1996 shall be further amended by the addition of a new para 2 (h) below para 2(g) as under.

2(h): "To examine the various methodology employed for determination and payment of Productivity Linked Bones (PLB) in the Ministries and Departments of the Central Government and recommend the general principles and conditions which should govern payment of bonus and also to recommend the specific parameters for evolving bonus formulae for each Ministry and Department where PLB schemes are in Force at present.

The Commission may also examine the 'ad hoc' bonus scheme in force in those Departments where PLB schemes are not in operation with a view to recommending the desirability and feasibility of introducing productivity linked incentive scheme and may recommend a specific formulae for determining the productivity index and other related parameters."

Ordered that the Resolution be published in the Gazette of India.

Ordered that a copy of the Resolution be communicated to Fifth Central Pay Commission.

Ordered that a copy of the Resolution be communicated to Ministries/Departments of the Government of India, State Governments/Administrations of Union Territories and all others concerned.

Sd/-
(N.K. Singh)
Secretary to the Government of India.

**Consensus on Critical Trade Issues**

483. SHRI MADHAVRAO SCINDIA : Will the Minister of COMMERCE be pleased to state :

(a) whether the Government had organised a high level meeting of the 19 developing countries in September, 1996 for evolving a consensus on critical trade issues prior to the meeting of the World Trade Organisation; and

(b) if so, the details of issues discussed and the outcomes thereto?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) and (b). India had covened a high level meeting of developing countries in New Delhi on 28-30 September 1996 for facilitating an exchange of views on the new issues proposed by some countries for discussion at

the forthcoming Singapore Ministerial Conference (SMC) of the World Trade Organisation (WTO) in December 1996. The meeting, which was attended by 14 countries, discussed the four new issues sought to be brought on to the future agenda of the WTO, Investment, Labour Standards, Government Procurement and Competition Policy and Rules. The work of the Committee on Trade and Environment of the WTO was also discussed. At the end of the meeting, a statement was issued by the Chairman on the common perceptions of the Group on these issues. A copy of the concluding statement of the Chairman of the meeting is enclosed as Annexure.

**Annexure**

A meeting was convened by India of a cross section of developing countries in the South East Asian, South Asian, African and Latin American regions for facilitating an exchange of views on some so-called 'New issues' which are being proposed for discussion at the Singapore Ministerial Conference (SMC) of the WTO in December 1996. These 'New issues' cover Investment, Labour Standards, Government Procurement and Competition Policy and Rules. The Meeting also discussed trade and environment with reference to the ongoing work in the WTO Committee on Trade and Environment.

The Meeting was of the unanimous view that the SMC offers an opportunity to take stock of the Urugury Round Agreements and their implications for the multilateral trading system. The Meeting agreed that the most important item on the agenda of the SMC should be a substantive review of the implementation of the Uruguay Round Agreements since the entry into force of the WTO in January 1995.

The Meeting noted that certain Members of the WTO are pushing for initiation of discussions in the WTO by way of 'an educative process' on the relationship between trade and Investment on the ground that there is a close linkage between the two. It is being argued that having achieved considerable liberalisation of border measures in relation to trade, the next area of liberalisation should cover trans-national investments. The underlying assumption appears to be that trans-national investments are invariably good for the global development process and if multilaterally negotiated rules governing such investments can be put in place, both trade and development will be promoted on a global scale.

It was felt by participants that while investments have a linkage with trade, they also have an important linkage with the development process as a whole. In the present system of Nation-l States, each country must be free to pursue its own national development strategies and to decide the role to be played by foreign investment in achieving various development goals. Hence, decisions regarding the policies to be adopted for permitting foreign investment into a country should be left squarely within the competence and jurisdiction of the Government of each country. There is a serious flaw in the proposition that what is good for trans-national investments is also necessarily and always good for development. Trans-national investments can have, in different circumstances, either positive or negative effects on overall employment creation and maintenance of jobs in the small scale and cottage sector, technology transfer and absorption, environment, regional development, poverty alleviation and the like. Unless properly regulated to suit the national interests of each country, the impact of trans-national investments can turn out to be more adverse than favourable. Thus, while countries are trying to promote inward investments autonomously in different degrees and some countries have more liberal inward investment regimes, the effort to bind all countries into a common framework of disciplines concerning trans-national investments does not in the view of many participants appear to be well-considered and equitable. The Meeting noted that the UNCTAD-IX Conference has already mandated UNCTAD to study all aspects of the investment issue, including an Multilateral Agreement on Investment (MAI). Many participants felt that UNCTAD is the most appropriate forum to undertake an educative process since the WTO is a negotiating and rule-making forum. Besides, duplication is to be avoided. These participants noted that the WTO is mandated to look into the need for supplementing the provisions contained in the TRIMS Agreement in 1999-2000, by which time developing countries would have had the benefit of discussions and study in UNCTAD.

With regard to Competition Policy and Rules, the Meeting noted that various proposals are currently under examination in Geneva. The Meeting agreed that at present many developing countries do not have competition laws and that competition policy is a highly complex subject which needs careful study and analysis. The Meeting noted that the UNCTAD-IX Conference at Midrand has mandated UNCTAD to examine the issue relating to competition law of particular relevance to development, carry out analytical work on restrictive business practices and assist developing countries in formulating necessary domestic competition policies and legislations. Keeping in view the expertise of UNCTAD in this area, the Meeting agreed that développing countries would benefit from the results of the study and analysis in UNCTAD. The Meeting also agreed that analysis and examination in UNCTAD should be comprehensive and should also look into trade policy measures having anti-competitive effects. Many participants agreed that keeping in view the linkage between investment and competition policy, it would be beneficial for the developing countries if both the subjects are taken up in the WTO for consideration as part of the TRIMS review, together in 1999-2000, as envisaged in the TRIMS Agreement after the analytical work has been completed in UNCTAD.

The delegations expressed their full commitment to the pursuit of national policies to protect labour rights and advance labour welfare. However, the Meeting was of the unanimous view that there is no theoretical or empirical evidence establishing a clear linkage between trade and labour standards. The Meeting expressed concern about the persistent efforts to bring this non-trade issue on to the agenda of the WTO notwithstanding the fact that the International Labour Organisation (ILO) is an appropriate forum to look into the issue and has requisite competence and expertise in the area. The Meeting concluded that the subject of labour standards should not be brought into WTO in any form.

On Government Procurement, the Meeting felt that developing countries should at this stage continue to retain the option of joining the plurilateral Government Procurement Agreement only as and when they perceive this to be beneficial to them. The Meeting agreed that it would be necessary to get more clarifications about some proposals on this subject to consider whether a multilateral agreement on government procurement is desirable.

The issue of trade and environment has been discussed in the WTO Committee on Trade and Environment (CTE) for about two years now. It has been recognised that the linkages between trade and environment are complex, but that trade is not the primary cause of environmental problems. Major areas for further work include, inter alia, the relationship between the multilateral trading system and the Multilateral Environment Agreements (MEAs), and the effect of environment measures on the market access of developing countries, particularly the need to safeguard and enhance their market access and make available Environmentally Sound Technologies and Products (EST & Ps) on fair and most favourable terms for meeting environmental obligations. The Meeting recalled the Rio Principles recognising the need to take into account the development context of environmental standards, to avoid unilateralism and disguised protectionism on environmental justifications, and to acknowledge the common but differentiated responsibilities in addressing environmental problems. The Meeting also felt that consideration should be given to the transfer of EST & Ps to developing countries on favourable, non-commercial and equitable terms in suggesting effective approaches to address environmental problems. There was a strong objection to unilateral action and disguised protection through trade measures taken for environmental purposes. Many delegations agreed that the present Article XX of the GATT 1994 is adequate to address all legitimate trade measures taken for protection of the environment. The Meeting gave importance to the removal of all trade restrictions and distortions that have negative effects on environment. It was agreed that further work is required on all issues identified under the ten items before the CTE.

The delegations expressed satisfaction that this Meeting has contributed positively towards building up better understanding about 'New Issues'. The Meeting emphasised the need to continue this process of mutual consultations and exchange of views in Geneva as well as the Capitals during the run-up to the SMC.

The Chairman warmly thanked all distinguished delegates for taking the trouble to join this Preparatory Meeting at relatively short notice and for their excellent free and frank contributions which led to a very beneficial exchange of views. He hoped that the delegates had enjoyed their brief stay in India and wished all overseas delegates a safe return home.

**Changes in Policies for EOUs/EPZs**

484. SHRI NAMDEO DIWATHE : Will the Minister of COMMERCE be pleased to state :

(a) whether the performance of Export Oriented Units and Export Processing Zones is satisfactory;

(b) if not, whether the Government propose to review the policies for the functioning of EOUs and EPZs; and

(c) if so, the details thereof alongwith the areas where changes are proposed to be effected?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) Exports from Export Oriented Units and Export Processing Zones have been growing steadily. During 1995-96 exports from EOU/EPZ units registered a growth of 32% over the previous year, which is quite satisfactory.

(b) and (c). Do not arise.

**Social Package for PSUs**

485. SHRI SARAT PATTANAYAK : Will the Minister of INDUSTRY be pleased to state :

(a) whether Government propose to formulate a social package for major Public Sector Undertakings in the country; and

(b) if so the details thereof?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) and (b). At present there is no proposal to formulate a general social package for major public sector undertakings. Taking suitable enterprise-specific measures is a continuous process.

**Banking Ombudsman Scheme**

486. SHRI MULLAPPALLY RAMACHANDRAN : Will the Minister of FINANCE be pleased to state :

(a) the places and insitutions covered under the Banking Ombudsman scheme so far;